

DANBY TOWNSHIP
IONIA COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Danby Township	County Ionia
Fiscal Year End March 31, 2006	Opinion Date July 27, 2006	Date Audit Report Submitted to State September 16, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

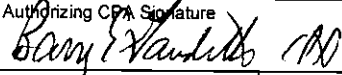
We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Barry E. Gaudette, CPA, PC		Telephone Number (231) 946-8930	
Street Address 1107 E. Eighth Street		City Traverse City	State MI
Zip 49686			
Authorizing CPA Signature 		Printed Name Barry E. Gaudette, CPA	License Number 11050

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INTRODUCTORY SECTION

DANBY TOWNSHIP
LIST OF ELECTED OFFICIALS
MARCH 31, 2006

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ELECTED OFFICIALS

Richard Pohl	Supervisor
Kristina K. Platte	Clerk
Elizabeth C. Kolarik	Treasurer
Mary K. Price	Trustee
William J. Nichols	Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Danby Township
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Danby Township, Ionia County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Danby Township
Independent Auditors' Report
Page Two

In my opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Danby Township, Ionia County, Michigan, as of March 31, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV(C), the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of March 31, 2006.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Danby Township's, Ionia County, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

Barry E. Vandell, CPA, PL

July 27, 2006

BASIC FINANCIAL STATEMENTS

Danby Township
Statement of Net Assets
March 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 737,745
Receivables	27,089
Prepaid insurance	6,614
Due from other funds	16,786
Capital assets (net of accumulated depreciation):	
Land and improvements	96,749
Buildings and improvements	112,603
Machinery and equipment	13,076
Office equipment	<u>9,032</u>
Total assets	<u>1,019,694</u>
LIABILITIES	
Accounts payable and other current liabilities	<u>47</u>
Total liabilities	<u>47</u>
NET ASSETS	
Invested in capital assets, net of related debt	231,460
Unrestricted	<u>788,187</u>
Total net assets	<u>\$1,019,647</u>

See notes to financial statements

Danby Township
Statement of Activities
For the Year Ended March 31, 2006

Functions /Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Legislative General	\$ 23,081	\$	\$	\$
Government	125,669	3,097		1,870
Public safety	51,752			
Public works	77,601	603	3,659	
Health & welfare	51,474	47,586		
Community/ economic development	22,727			
Other	<u>9,677</u>			
Total governmental activities	<u>\$361,981</u>	<u>\$ 51,286</u>	<u>\$ 3,659</u>	<u>\$ 1,870</u>

General revenues:

Property taxes & administrative fees
Licenses & permits
State revenue sharing
Interest earnings
Rentals
Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements.

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (23,081)

(120,702)

(51,752)

(73,339)

(3,888)

(22,727)

(9,677)

(305,166)

114,098

7,951

182,085

15,927

280

20,512

340,853

35,687

983,960

\$1,019,647

Danby Township
Balance Sheet
Governmental Funds
March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Public Improvement</u>	<u>Improvement Revolving</u>
ASSETS				
Cash and cash equivalents	\$ 98,266	\$ 27,687	\$ 167,957	\$ 255,896
Receivables	27,089			
Prepaid insurance	6,614			
Due from other funds	<u>16,786</u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 148,755</u>	<u>\$ 27,687</u>	<u>\$ 167,957</u>	<u>\$ 255,896</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Accrued liabilities	<u>47</u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>47</u>	<u> </u>	<u> </u>	<u> </u>
Fund balances:				
Unreserved, reported in:				
General fund	148,708			
Special revenue funds	<u> </u>	<u>27,687</u>	<u>167,957</u>	<u>255,896</u>
Total fund balances	<u>148,708</u>	<u>27,687</u>	<u>167,957</u>	<u>255,896</u>
Total Liabilities and Fund Balances	<u>\$ 148,755</u>	<u>\$ 27,687</u>	<u>\$ 167,957</u>	<u>\$ 255,896</u>

See notes to financial statements

<u>Road & Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 184,330	\$ 3,609	\$ 737,745
		27,089
		6,614
		<u>16,786</u>
<u>\$ 184,330</u>	<u>\$ 3,609</u>	<u>\$ 788,234</u>
\$	\$	\$
<u> </u>	<u> </u>	<u> 47</u>
<u> </u>	<u> </u>	<u> 47</u>
		148,708
<u>184,330</u>	<u>3,609</u>	<u>639,479</u>
<u>184,330</u>	<u>3,609</u>	<u>788,187</u>
<u>\$ 184,330</u>	<u>\$ 3,609</u>	<u>\$ 788,234</u>

Danby Township
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2006

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 788,187
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Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds:

Cost of capital assets	373,607
Accumulated depreciation	<u>(142,147)</u>

Total Net Assets - Governmental Activities	<u>\$ 1,019,647</u>
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See notes to financial statements

Danby Township
Statement of Revenues, Expenditures, and Changes
In Fund Balance
Governmental Funds
For the Year Ended March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Public Improvement</u>	<u>Improvement Revolving</u>
REVENUES				
Taxes & adm. fees	\$ 75,904	\$ 38,194	\$	\$
Licenses & permits	7,951			
State aid	185,744			
Charges for services	50,683			
Sale of assets	1,870			
Interest earnings	2,469	864	3,471	5,059
Rents	280			
Other	<u>20,512</u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>345,413</u>	<u>39,058</u>	<u>3,471</u>	<u>5,059</u>
EXPENDITURES				
Current:				
Legislative	23,081			
General government	109,725			
Public safety		50,745		
Public works	76,854			
Health & welfare	51,474			
Community/economic development	22,727			
Other	9,677			
Capital outlay	<u>11,751</u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>305,289</u>	<u>50,745</u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	40,124	(11,687)	3,471	5,059
OTHER FINANCING SOURCES (USES)				
Transfers in(out)	<u>(70,000)</u>	<u> </u>	<u>30,000</u>	<u>30,000</u>
Net changes in fund balances	(29,876)	(11,687)	33,471	35,059
Fund balances- beginning	<u>178,584</u>	<u>39,374</u>	<u>134,486</u>	<u>220,837</u>
Fund balances- ending	<u>\$ 148,708</u>	<u>\$ 27,687</u>	<u>\$ 167,957</u>	<u>\$ 255,896</u>

See notes to financial statements

<u>Road & Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$ 114,098
		7,951
		185,744
		50,683
		1,870
4,005	59	15,927
		280
<u> </u>	<u>603</u>	<u>21,115</u>
<u>4,005</u>	<u>662</u>	<u>397,668</u>
		23,081
		109,725
		50,745
	747	77,601
		51,474
		22,727
		9,677
<u> </u>	<u> </u>	<u>11,751</u>
<u> </u>	<u>747</u>	<u>356,781</u>
4,005	(85)	40,887
<u>10,000</u>	<u> </u>	<u> </u>
14,005	(85)	40,887
<u>170,325</u>	<u>3,694</u>	<u>747,300</u>
<u>\$184,330</u>	<u>\$ 3,609</u>	<u>\$ 788,187</u>

Danby Township
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2006

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances - total governmental funds	\$ 40,887
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>(5,200)</u>
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Change in net assets of governmental activities	<u>\$ 35,687</u>
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See notes to financial statements

Danby Township
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balances-Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Property taxes and related fees	\$ 65,000	\$ 65,000	\$ 75,904	\$ 10,904
Licenses & permits	4,200	4,200	7,951	3,751
State aid	120,000	120,000	185,744	65,744
Charges for services	22,000	22,000	50,683	28,683
Sale of assets	2,000	2,000	1,870	(130)
Interest earnings	1,500	1,500	2,469	969
Rents	280	280	280	
Miscellaneous	7,500	7,500	20,512	13,012
Total revenues	<u>222,480</u>	<u>222,480</u>	<u>345,413</u>	<u>122,933</u>
EXPENDITURES				
Current:				
Legislative:				
Township board	<u>32,450</u>	<u>32,450</u>	<u>23,081</u>	<u>9,369</u>
General government:				
Supervisor	13,750	13,750	13,838	(88)
Elections	3,300	3,300	1,623	1,677
Assessor	15,100	15,100	14,837	263
Clerk	21,054	21,054	20,902	152
Board of review	1,650	1,650	1,452	198
Treasurer	23,354	23,354	22,704	650
Building & grounds	9,429	9,429	10,674	(1,245)
Cemetery	19,675	19,675	18,275	1,400
Other-unclassified	<u>7,900</u>	<u>7,900</u>	<u>5,420</u>	<u>2,480</u>
Total general government	<u>115,212</u>	<u>115,212</u>	<u>109,725</u>	<u>5,487</u>

Danby Township
Statement of Revenues, Expenditures, and Changes
in Fund Balance-Budget and Actual
For the Year Ended March 31, 2006
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
(CONTINUED) :				
Current:				
Public works:				
Dust control	35,000	35,000	25,186	9,814
Centerline bridge	15,000	15,000		15,000
Kent street bridge	15,000	15,000		15,000
Roads maintenance	55,000	55,000	46,813	8,187
Drain at large	<u>5,000</u>	<u>5,000</u>	<u>4,855</u>	<u>145</u>
Total public works	<u>125,000</u>	<u>125,000</u>	<u>76,854</u>	<u>48,146</u>
Health & Welfare:				
Ambulance	<u>51,600</u>	<u>51,600</u>	<u>51,474</u>	<u>126</u>
Community/Economic development:				
Planning commission	12,435	12,435	12,435	
Zoning administrator	15,200	15,200	9,957	5,243
Zoning board of appeals	<u>1,250</u>	<u>1,250</u>	<u>335</u>	<u>915</u>
Total community/economic development	<u>28,885</u>	<u>28,885</u>	<u>22,727</u>	<u>6,158</u>
Other:				
Pension	<u>11,700</u>	<u>11,700</u>	<u>9,677</u>	<u>2,023</u>
Capital outlay	<u>15,450</u>	<u>15,450</u>	<u>11,751</u>	<u>3,699</u>
Total expenditures	<u>380,297</u>	<u>380,297</u>	<u>305,289</u>	<u>75,008</u>

Danby Township
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance-Budget and Actual
For the Year Ended March 31, 2006
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
Excess(deficiency) of revenues over (under) over expenditures	<u>(157,817)</u>	<u>(157,817)</u>	<u>40,124</u>	<u>197,941</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	86,000	86,000	20,000	(66,000)
Transfer (out)	<u> </u>	<u> </u>	<u>(90,000)</u>	<u>(90,000)</u>
Total other financing sources (uses)	<u>86,000</u>	<u>86,000</u>	<u>(70,000)</u>	<u>(156,000)</u>
Net changes in fund balances	(71,817)	(71,817)	(29,876)	41,941
Fund balances- beginning	<u>18,634</u>	<u>18,634</u>	<u>178,584</u>	<u>159,950</u>
Fund balances- ending	<u>\$(53,183)</u>	<u>\$(53,183)</u>	<u>\$148,708</u>	<u>\$ 201,891</u>

See notes to financial statements

Danby Township
Combined Statement of Fiduciary Net Assets
Fiduciary Funds
March 31, 2006

	Non-Expendable Trust Fund	Agency Fund
	<u>Fund</u>	<u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 13,019	\$ 16,786
Investments-CD's	<u>19,771</u>	<u> </u>
Total assets	<u>32,790</u>	<u>16,786</u>
 LIABILITIES		
Due to other funds	<u> </u>	<u>16,786</u>
 NET ASSETS		
Held in trust for other purposes	<u>\$ 32,790</u>	<u>\$ <u> </u></u>

See notes to financial statements

Danby Township
Combined Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2006

	Non-Expendable Trust Fund	Agency Fund
	<u> </u>	<u> </u>
ADDITIONS		
Property tax collections, special assessments and fees	\$	\$1,912,214
Charges for services	553	
Interest earnings	<u>871</u>	<u>168</u>
Total additions	<u>1,424</u>	<u>1,912,382</u>
DEDUCTIONS		
Payments to other funds	(3,723)	114,098
Payments to other governmental units	<u> </u>	<u>1,798,284</u>
Total deductions	<u>(3,723)</u>	<u>1,912,382</u>
Changes in net assets	(2,299)	
Net assets - beginning	<u>35,089</u>	<u> </u>
Net assets - ending	<u>\$ 32,790</u>	<u>\$</u>

See notes to financial statements

Danby Township
Combined Statement of Cash Flows
All Non-Expendable Trust Funds
For The Year Ended March 31, 2006

	<u>Fiduciary Fund Types</u>	<u>Non-Expendable Trust</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges for services	\$ 553	
Payments	<u>(3,723)</u>	
Cash provided by operating activities	<u>(3,170)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash equivalents	<u>767</u>	
Cash provided by investing activities	<u>767</u>	
Increase in cash and cash equivalents	(2,403)	
Cash and cash equivalents, beginning	<u>15,422</u>	
Cash and cash equivalents, ending	<u>\$ 13,019</u>	

See notes to financial statements

Danby Township
Notes to the Financial Statements
March 31, 2006

I. Summary of significant accounting policies

The financial statements of the Danby Township (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns

in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Ionia County, which advances the Township 100% for the delinquent taxes.

The 2005 taxable valuation of the Township totaled \$70,530,752, on which ad valorem taxes levied consisted of .8004 mills for Township operating purposes and another .0850 mills for drain at large. These amounts are recognized in the General Fund as current tax revenue as well as administrative fees of \$19,928 to collect the taxes and applicable interest.

The Township also levies .8000 mills for Township fire purposes in the Portland area and is reported in the Fire Fund. There is another 2.5000 mills levied for the Roxand area and 2.0000 mills for the Sunfield area that are collected and distributed to those fire districts.

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *fire fund* is a special revenue fund that accounts for the collection of a tax levy for the Portland area.

The *public improvement fund* is a special revenue fund that was created in 1980 to account for monies that are restricted for public improvements.

The *improvement revolving fund* is a special revenue fund that was created in 1984 to account for monies that are not restricted and can be used whenever they are needed. The fund cannot exceed five mills of SEV.

The *road and bridge fund* is a special revenue fund that was created in 1989 to account for monies for the maintenance, repair and improvements of roads and bridges in the Township.

Additionally, the government reports the following fund types:

The *pearlbarr lighting* and *cemetery building funds* are special revenue funds.

The Township reports the following fiduciary funds:

These funds are used to account for assets held in trust or as an agent for others. The Township has two fiduciary funds as follows:

Agency Fund

Agency funds are purely custodial in nature (assets equal liabilities) and thus, do not involve measurement of results of operations. The *tax collection fund* is an agency fund.

Non-expendable Trust Funds

The measurement focus of the non-expendable trust funds should be accounted for on the accrual basis. The Township's cemetery perpetual care, Shuman-Rumfield, Wm. B. Shuman, Alice A. Fishbeck, D.F. Deatsman, Wm. J. Browne, and Benton Stiffler are non-expendable trust funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term interfund receivables/payable

During the course of operations, numerous transactions

occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

3. Receivables and payables

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

4. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	40
Machinery and equipment	7
Office furniture and equipment	5

6. Compensated absences

The Township does not have a compensated absence policy.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities

in the statement of net assets.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Township does not have any long-term debt.

8. Fund balance

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of estimates

The process of preparing general purpose financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis -

general funds.

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has not been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

B. Excess of expenditures over appropriations

For the year ended March 31, 2006, expenditures exceeded appropriations in the activities of supervisor and building & grounds (the legal level of budgetary control) of the general fund by \$88 and \$1,245, respectively. These overexpenditures were funded by the available fund balance in the general fund.

III. Detailed notes on all funds

A. Deposits, investments and credit risk

Deposits

At year-end, the carrying amount of the Township's deposits were \$737,745 and the bank balance was \$741,386, of which \$741,386 was covered by federal depository insurance.

Investments

The Township has no investments.

Interest Rate Risk - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Township's investment policy approves the following securities and deposit accounts: U.S. Treasury bills, U.S. Treasury certificates, notes and bonds, certificate of deposits, commercial business savings accounts, money market accounts, obligations which are lawful investments for fiduciary and trust funds under the jurisdiction of the United States Government, Series E savings bonds and Series H savings bonds.

The Township shall deposit excess monies in the general fund and all other operating fund accounts in time, savings, or share accounts with banks or other institutions, to the extent that all unsecured deposits or accounts are insured by: the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), or State Insurance plans which are approved by the United States Comptroller of the currency as an eligible depository of trust funds of National Banks, respectively.

All excess monies over the insured limits of the financial institution or banks, the Township shall obtain collateralization of excess funds at 100% of the principal value. Such collateralization shall be in the form of U.S. Treasury Notes or Bonds in the name of the Township held in trust by the financial institution or bank. The Township may choose collateralization in the following form and percentages:

- | | | |
|----|----------------------------------|------------|
| 1. | U.S. Treasury Notes | - 100%; or |
| 2. | U.S. Treasury Notes and/or Bonds | - 75% and |
| 3. | Mortgage Backed Securities | - 25% |

In any such case the collateralization shall be no less than 100% of value of the funds in all accounts. The financial institution shall provide a statement of the following collateralization at a minimum once every quarter to the Township.

The Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

A reconciliation of cash as shown on the statements of net assets follows:

Carrying amount of deposits	<u>\$ 737,745</u>
Cash and cash equivalents:	
General, fire, public improvement	
improvement revolving, road &	
bridge, pearl barr lighting, and	
cemetery building funds	\$ 741,386
Checks written in excess of deposits	<u>(3,641)</u>
Total	<u>\$ 737,745</u>

B. Receivables

Receivables as of year end for the government's general fund was \$4,568 for taxes and \$22,520 for ambulance fees.

C. Capital assets

Capital asset activity for the year ended March 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land & improvements	\$ 96,749	\$ _____	\$ _____	\$ 96,749
Capital assets, being depreciated:				
Buildings & improvements	198,909	2,400		201,309
Machinery & equipment	36,083	5,755		41,838
Office equipment	<u>30,115</u>	<u>3,596</u>	<u>_____</u>	<u>33,711</u>
Total capital assets being depreciated	<u>265,107</u>	<u>11,751</u>	<u>_____</u>	<u>276,858</u>
Less accumulated depreciation for:				
Buildings & improvements	(83,703)	(5,003)		(88,706)
Machinery & equipment	(23,196)	(5,566)		(28,762)
Office equipment	<u>(18,297)</u>	<u>(6,382)</u>	<u>_____</u>	<u>(24,679)</u>
Total accumulated depreciation	<u>(125,196)</u>	<u>(16,951)</u>	<u>_____</u>	<u>(142,147)</u>
Total capital assets, being depreciated, net	<u>139,911</u>	<u>(5,200)</u>	<u>_____</u>	<u>134,711</u>
Governmental activities capital assets, net	<u>\$ 236,660</u>	<u>\$ (5,200)</u>	<u>\$ _____</u>	<u>\$ 231,460</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 15,944
Public safety	<u>1,007</u>
Total depreciation expense- governmental activities	<u>\$ 16,951</u>

D. Interfund receivables, payables, and transfers

Interfund transfers:

Transfer out:	Transfer In:			
	General Fund	Public Improvement Fund	Improvement Revolving Fund	Road & Bridge Fund
Road & bridge fund	\$20,000	\$	\$	\$
Public improvement fund				
Improvement revolving fund				
General fund		<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Total transfers out	<u>\$20,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

The composition of interfund balances as of March 31, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency fund	<u>\$ 16,786</u>

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation). The Township was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The Township joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The Township pays an annual premium to the pool for its general insurance coverage.

The Township has purchased commercial insurance for all other risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Township is unable to provide an estimate of the amounts of additional assessments.

B. Pension plan

The Township paid \$9,677 during the fiscal year 2005/06 to Manufacturers' Life Insurance to fund a defined contribution pension plan for participants. This amount consists of contributions from both the Township and participants. Participant contributions are not required and voluntary non-deductible contributions are allowed.

The pension plan has:

- a) no minimum service requirements;
- b) all members of the Board are eligible and full time employees;
- c) the Township shall annually contribute 100 percent premiums or charges based on contributions of 20 percent of annual salary (minimum cost is \$300), and;
- d) immediate payoff is available.

C. Implementation of new accounting standard

As of and for the year ended March 31, 2006, the Township implemented GASB Statement Number 34 - *Basic Financial Statements - and Management's Discussion and Analysis - State and Local Governments*. The more significant changes required by the standard include a Management Discussion and Analysis; government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting; fund financial statements, consisting of a series of statements that focus on a governments' major funds; and schedules to reconcile the fund financial statements to the government-wide financial statements.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Pearlbarr Lighting Fund - The Pearlbarr I Special Assessment District was established in 1993. A fee per lot is assessed for streetlights in the Pearlbarr I subdivision. \$56.00 per lot is spread. The Pearlbarr II Special Assessment District was established in 1997. A fee per lot is spread for streetlights in Pearlbarr II subdivision. \$30.01 per lot is spread.

Cemetery Building Fund - This fund collect monies to the purpose of cemetery building improvements.

Danby Township
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2006

	<u>Special Revenue</u>		
	<u>Pearlbarr</u>	<u>Cemetery</u>	<u>Total</u>
	<u>Lighting</u>	<u>Building</u>	<u>Nonmajor</u>
			<u>Governmental</u>
			<u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 707	\$ 2,902	\$ 3,609
Total assets	<u>\$ 707</u>	<u>\$ 2,902</u>	<u>\$ 3,609</u>
FUND BALANCES			
Unreserved, designated	<u>707</u>	<u>2,902</u>	<u>3,609</u>
Total fund balances	<u>\$ 707</u>	<u>\$ 2,902</u>	<u>\$ 3,609</u>

See notes to financial statements

Danby Township
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2006

	<u>Special Revenue</u>		
	<u>Pearlbarr Lighting</u>	<u>Cemetery Building</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Interest earnings	\$ 45	\$ 14	\$ 59
Special assessments	<u>603</u>	<u> </u>	<u>603</u>
Total revenues	<u>648</u>	<u>14</u>	<u>662</u>
EXPENDITURES			
Current:			
General government			
Public works	<u>(747)</u>	<u> </u>	<u>(747)</u>
Total expenditures	<u>(747)</u>	<u> </u>	<u>(747)</u>
Net change in fund balances	(99)	14	(85)
Fund balances- beginning	<u>806</u>	<u>2,888</u>	<u>3,694</u>
Fund balances- ending	<u>\$ 707</u>	<u>\$ 2,902</u>	<u>\$ 3,609</u>

See notes to financial statements

Non-Expendable Trust Funds

Cemetery Perpetual Care Fund - This fund was created in 1988. Fifteen percent of each lot sale is put into this fund for the future care of the cemetery.

Shuman Rumfield Trust Fund - \$19,000.00 was bequeathed to Danby Township by Clarinda Rumfield. The principal must stay intact. The interest is used for the care of the cemetery.

Other Non-Expendable Trust Funds

Wm. B. Shuman, Alice A. Fishbeck Estate, D.F. Deatsman, Wm. J. Browne Estate, and Benton Stiffler Trust Funds

Danby Township
Combining Balance Sheet
Non-Expendable Trust Funds
March 31, 2006

	<u>Non-Expendable Trust Funds</u>			
	<u>Cemetery Perpetual Care</u>	<u>Shuman Rumfield</u>	<u>Wm. B. Shuman</u>	<u>Alice A. Fishbeck Estate</u>
ASSETS				
Cash and cash equivalents	\$ 8,359	\$ 4,276	\$ 85	\$ 25
Investments-CD's	<u>1,487</u>	<u>17,000</u>	<u>272</u>	<u>129</u>
Total assets	<u>\$ 9,846</u>	<u>\$ 21,276</u>	<u>\$ 357</u>	<u>\$ 154</u>
NET ASSETS				
Held in trust for other purposes	<u>9,846</u>	<u>21,276</u>	<u>357</u>	<u>154</u>
Total net assets	<u>\$ 9,846</u>	<u>\$ 21,276</u>	<u>\$ 357</u>	<u>\$ 154</u>

See notes to financial statements

<u>D.F.</u> <u>Deatsman</u>	<u>Wm. J.</u> <u>Browne</u> <u>Estate</u>	<u>Benton</u> <u>Stiffler</u>	<u>Totals</u>
\$ 113	\$ 83	\$ 79	\$ 13,020
<u>338</u>	<u>272</u>	<u>272</u>	<u>19,770</u>
<u>\$ 451</u>	<u>\$ 355</u>	<u>\$ 351</u>	<u>\$ 32,790</u>
 <u>451</u>	 <u>355</u>	 <u>351</u>	 <u>32,790</u>
<u>\$ 451</u>	<u>\$ 355</u>	<u>\$ 351</u>	<u>\$ 32,790</u>

Danby Township
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Non-Expendable Trust Funds
For The Year Ended March 31, 2006

	<u>Non-Expendable Trust Funds</u>			
	<u>Cemetery Perpetual Care</u>	<u>Shuman Rumfield</u>	<u>Wm. B. Shuman</u>	<u>Alice A. Fishbeck Estate</u>
ADDITIONS				
Charges for services	\$ 553	\$	\$	\$
Interest earnings	<u>60</u>	<u>784</u>	<u>6</u>	<u>3</u>
Total revenues	<u>613</u>	<u>784</u>	<u>6</u>	<u>3</u>
DEDUCTIONS				
Payments	<u></u>	<u>3,717</u>	<u></u>	<u>6</u>
Total deductions	<u></u>	<u>3,717</u>	<u></u>	<u>6</u>
Change in net assets	613	(2,933)	6	(3)
Net assets - beginning	<u>9,233</u>	<u>24,209</u>	<u>351</u>	<u>157</u>
Net assets - ending	<u>\$ 9,846</u>	<u>\$ 21,276</u>	<u>\$ 357</u>	<u>\$ 154</u>

See notes to financial statements

<u>D.F.</u> <u>Deatsman</u>	<u>Wm. J.</u> <u>Browne</u> <u>Estate</u>	<u>Benton</u> <u>Stiffler</u>	<u>Totals</u>
\$ 10	\$ 5	\$ 3	\$ 553
10	5	3	871
			1,424
			3,723
			3,723
10	5	3	(2,299)
441	350	348	35,089
<u>\$ 451</u>	<u>\$ 355</u>	<u>\$ 351</u>	<u>\$ 32,790</u>

Danby Township
Fire Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 43,610	\$ 43,610	\$ 38,194	\$ (5,416)
Interest earnings	<u>250</u>	<u>250</u>	<u>864</u>	<u>614</u>
Total revenues	<u>43,860</u>	<u>43,860</u>	<u>39,058</u>	<u>(4,802)</u>
EXPENDITURES				
Public safety	<u>53,535</u>	<u>53,535</u>	<u>50,745</u>	<u>2,790</u>
Total expenditures	<u>53,535</u>	<u>53,535</u>	<u>50,745</u>	<u>2,790</u>
Net change in fund balances	(9,675)	(9,675)	(11,687)	(2,012)
Fund balances- beginning	<u> </u>	<u> </u>	<u>39,374</u>	<u>39,374</u>
Fund balances- ending	<u><u>\$ (9,675)</u></u>	<u><u>\$ (9,675)</u></u>	<u><u>\$ 27,687</u></u>	<u><u>\$ 37,362</u></u>

Danby Township
Public Improvement Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Interest earnings	\$ 2,000	\$ 2,000	\$ 3,471	\$ 1,471
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>3,471</u>	<u>1,471</u>
EXPENDITURES				
Public works				
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>2,000</u>	<u>2,000</u>	<u>3,471</u>	<u>1,471</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	30,000	15,000
Transfers (out)				
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>30,000</u>	<u>15,000</u>
Net change in fund balances	17,000	17,000	33,471	16,471
Fund balances- beginning			<u>134,486</u>	<u>134,486</u>
Fund balances- ending	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$167,957</u>	<u>\$150,957</u>

Danby Township
Improvement Revolving Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Interest earnings	\$ 2,500	\$ 2,500	\$ 5,059	\$ 2,559
Miscellaneous				
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>5,059</u>	<u>2,559</u>
EXPENDITURES				
Capital outlay				
Excess (deficiency) of revenues over (under) expenditures	<u>2,500</u>	<u>2,500</u>	<u>5,059</u>	<u>2,559</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	30,000	15,000
Transfers (out)				
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>30,000</u>	<u>15,000</u>
Net change in fund balances	17,500	17,500	35,059	17,559
Fund balances- beginning			<u>220,837</u>	<u>220,837</u>
Fund balances- ending	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$255,896</u>	<u>\$238,396</u>

Danby Township
Road and Bridge Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Interest earnings	\$ 2,000	\$ 2,000	\$ 4,005	2,005
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>4,005</u>	<u>2,005</u>
EXPENDITURES				
Capital outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess of revenues over expenditures	2,000	2,000	4,005	2,005
OTHER FINANCING SOURCES (USES)				
Transfers in(out)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u> </u>
Net change in fund balances	12,000	12,000	14,005	2,005
Fund balances- beginning	<u> </u>	<u> </u>	<u>170,325</u>	<u>170,325</u>
Fund balances- ending	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$184,330</u>	<u>\$ 172,330</u>

Danby Township
 Pearlbarr Lighting Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balances - Budget and Actual
 For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Interest earnings	\$	\$	\$ 45	\$ 45
Special assessments	<u>698</u>	<u>698</u>	<u>603</u>	<u>(95)</u>
Total revenues	<u>698</u>	<u>698</u>	<u>648</u>	<u>(50)</u>
EXPENDITURES				
Public works	<u>698</u>	<u>698</u>	<u>747</u>	<u>(49)</u>
Total expenditures	<u>698</u>	<u>698</u>	<u>(747)</u>	<u>(49)</u>
Net change in fund balances			(99)	(99)
Fund balances- beginning	<u></u>	<u></u>	<u>806</u>	<u>806</u>
Fund balances- ending	<u>\$</u>	<u>\$</u>	<u>\$ 707</u>	<u>\$ 707</u>

Danby Township
Cemetery Building Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Interest earnings	\$	\$	14	14
Total revenues			14	14
EXPENDITURES				
Capital outlay				
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures			14	14
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)				
Total other financing sources (uses)				
Net change in fund balances			14	14
Fund balances- beginning			2,888	2,888
Fund balances- ending	\$	\$	2,902	2,902

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Danby Township
Ionia County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

The following comment and recommendation is based on observations made during the course of my examination for the year ended March 31, 2006:

Credit Card Policy

The Township obtained a debit card during the prior fiscal year, but had not adopted a credit card policy as of March 31, 2005. The Township Board at its' November 2005 board meeting, voted to discard with the debit card.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management, the Township Board, and the Michigan Department of Treasury and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

July 27, 2006